



# INVESTOR PRESENTATION

Q2 2019









*The Ocean GreatWhite,  
currently in the North Sea*

# Disclaimer

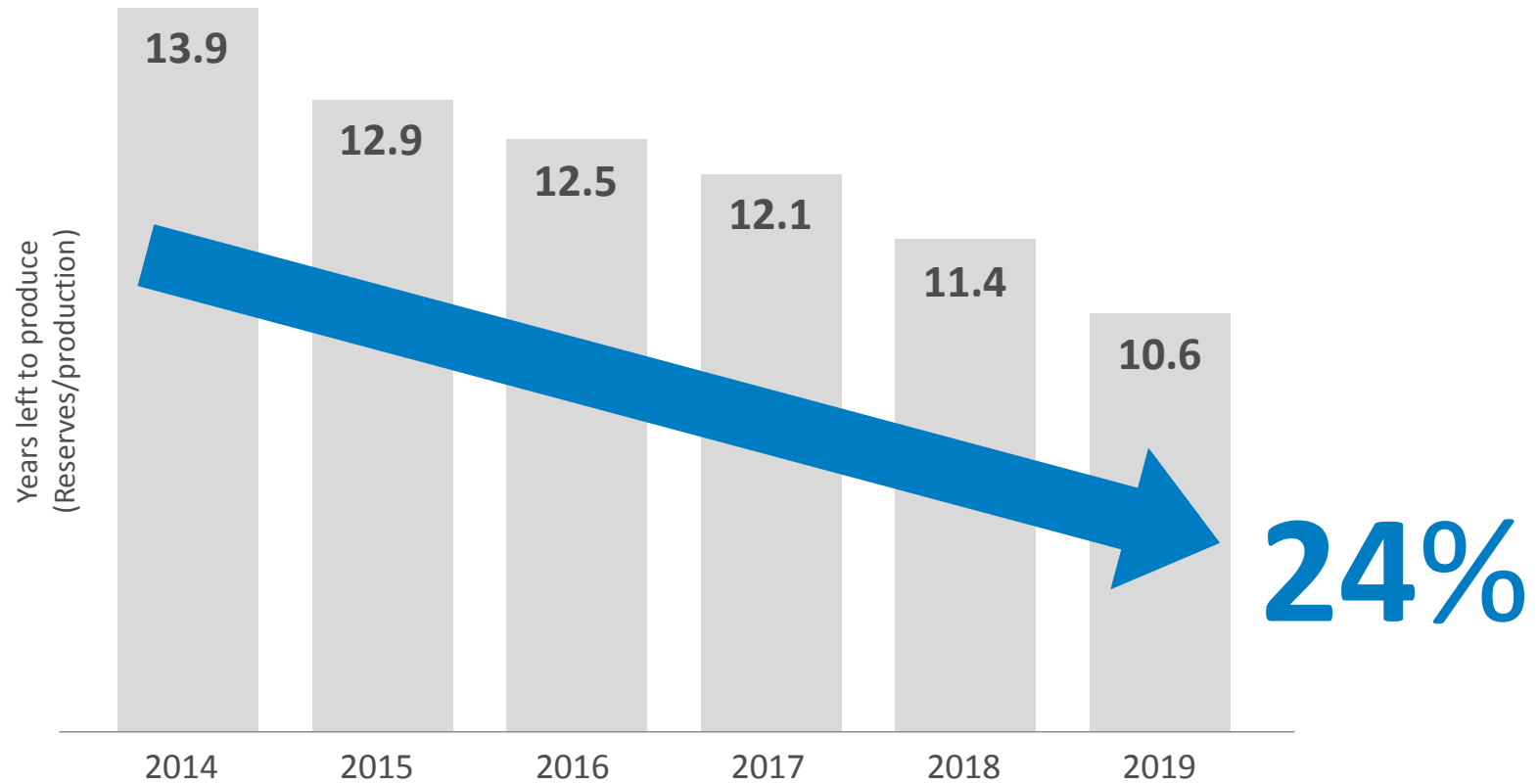
The statements in this presentation that are not historical facts, including statements regarding future financial performance, are forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are inherently uncertain and subject to a variety of assumptions, risks and uncertainties that could cause actual results to differ materially from those currently anticipated or expected by management of Diamond Offshore Drilling, Inc. (the “Company”). These risks and uncertainties include, among others, risks associated with worldwide demand for drilling services, level of activity in the oil and gas industry, renewing or replacing expired or terminated contracts, contract cancellations and terminations, maintenance and realization of backlog, impairments and retirements, operating risks, regulatory initiatives and compliance with governmental regulations, litigation, rig reactivations, and various other factors, many of which are beyond the Company’s control. A discussion of the risk factors and other considerations that could materially impact the Company’s overall business and financial performance can be found in the Company’s reports filed with the Securities and Exchange Commission (the “SEC”) and readers of this report are urged to review these reports carefully. Given these risk factors, investors and analysts should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of such statement, and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

The Company uses non-generally accepted accounting principles (“non-GAAP”) financial measures in this presentation. Generally, a non-GAAP financial measure is a numerical measure of a company’s performance, financial position or cash flows that excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Management believes that an analysis of this data is meaningful to investors because it provides insight with respect to ongoing operating results of the Company and allows investors to better evaluate the financial results of the Company. Non-GAAP financial measures should be considered to be a supplement to, and not as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

# Majors Communicate on Exploration Resurgence

 <p><b>PETROBRAS</b></p> <p>Exploration budget ↑ <b>66%</b></p>	 <p><b>equinor</b></p> <p>Exploration budget ↑ <b>20%</b></p>	 <p><b>Chevron</b></p> <p>Exploration budget ↑ <b>18%</b></p>	 <p><b>TOTAL</b></p> <p><b>Increasing</b> the number of exploration wells</p>
 <p><b>bp</b></p> <p>Exploration in 2019 will be <b>double</b> the size of 2018</p>	 <p><b>eni</b></p> <p><b>35</b> exploration wells per year, vs. approximately 20 in 2018</p>	 <p><b>ExxonMobil</b></p> <p>Approx. <b>40% CAGR</b> in the number of exploration wells drilled from 2017 to 2021</p>	<p><b>Exploration budgets are increasing</b></p> 

# Majors' Depleting Reserves

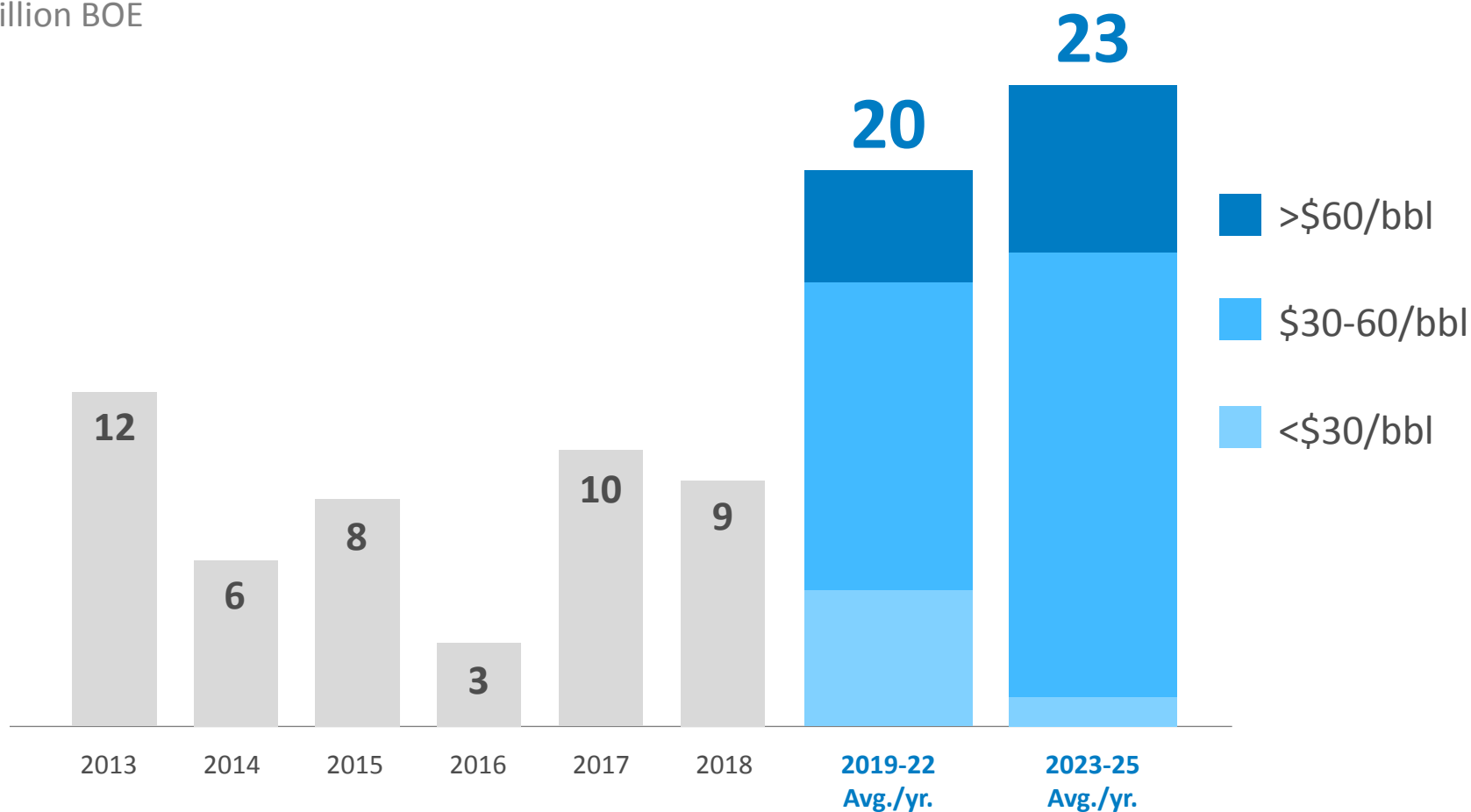


## Majors' Proven Liquids Reserves to Production Ratio

# Offshore FID Pipeline

## Non-OPEC Offshore Oil & Gas Resources

Billion BOE



Source: Rystad Energy research and analysis

# Diamond Offshore Overview

**A history of  
innovation and  
leadership in  
offshore drilling**



**A history of safety  
and operational  
excellence**



**Disciplined capital  
allocation**



- 16 offshore drilling units: 4 drillships + 12 semisubmersibles
- Approx. 2,300 employees worldwide<sup>(1)</sup>
- Headquartered in Houston with primary offices in Australia, Brazil, and the UK
- 53% ownership by Loews Corporation (NYSE: L)

<sup>1)</sup> As of 12/31/2018



# Differentiated Position with Best-in-Class Performance



Employ **unique, innovative technologies** that deliver **superior performance** and **improved economics** to Diamond Offshore and our customers



**Focus on** the underserved and improving **moored market** through investment in our moored semi assets

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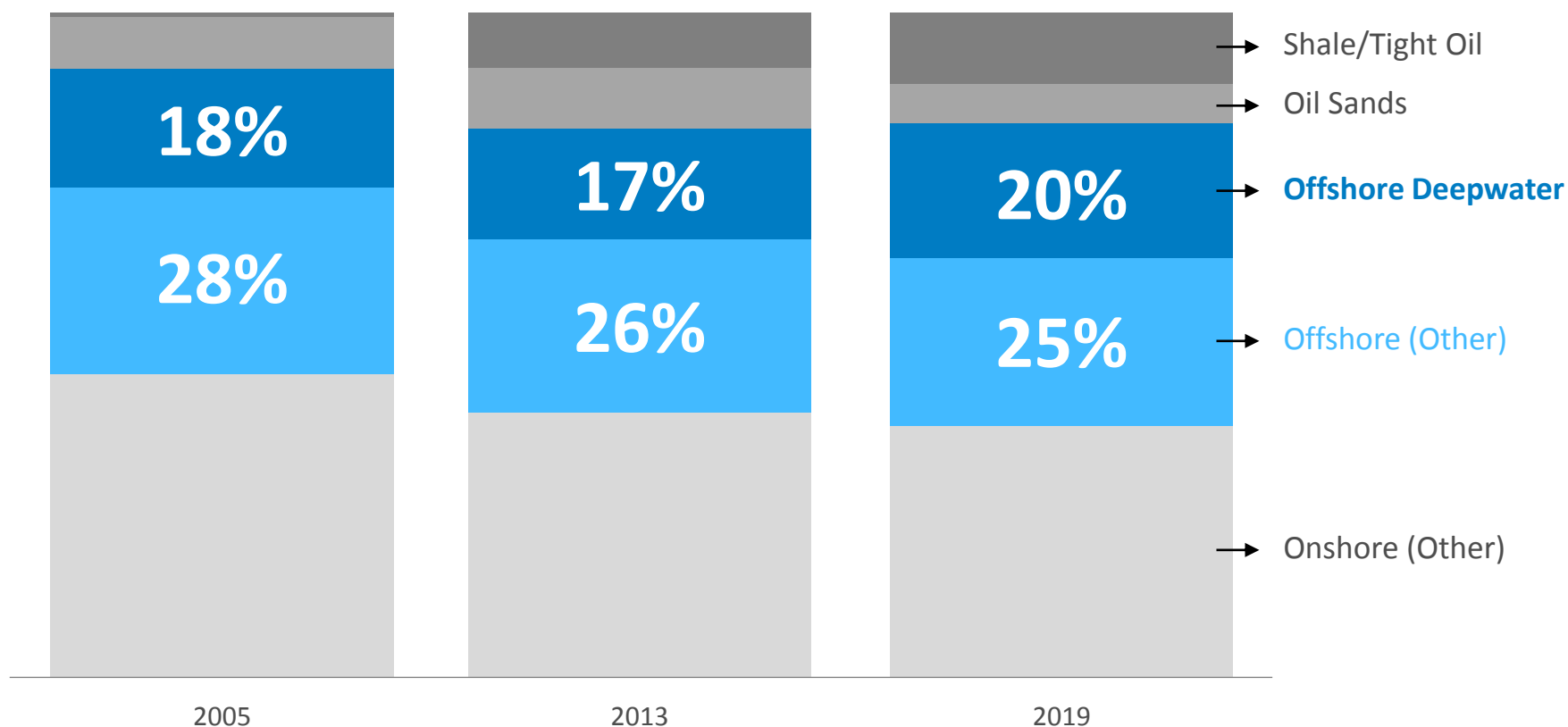
**Focus on** the underserved and improving **moored market** through investment in our moored semi assets



# Deepwater Remains Important in Majors' Portfolios

## Majors' Proven Liquids Reserves, by Supply Source

Billion BOE



Source: Rystad Energy research and analysis

Subsea performance

**NPT under  
0.7%**

First oil **6 months ahead**

of schedule with a **20% cost savings**  
or \$1.2 billion under budget

Wells delivered

**54 days ahead**  
of schedule

**Differentiated**



**Performance**

**3 of 4**  
**most efficient wells**  
drilled in GoM

**28,000 ft**  
drilled in 38 days

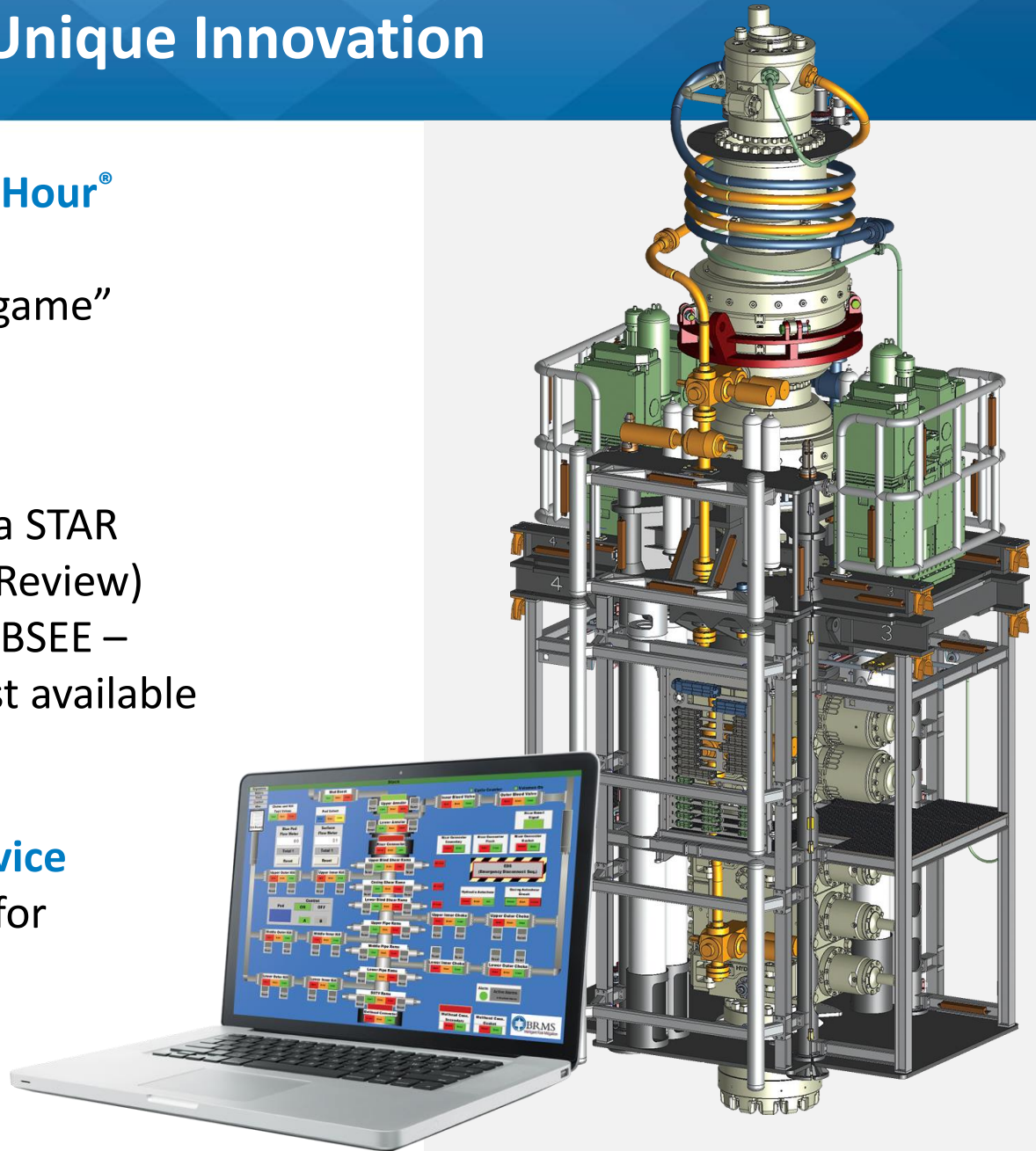
All drillships  
**contracted**  
**above market**  
rates through 2022

**safest year**  
**on company record**  
in 2018

**97% uptime**  
in 2018

# Results Driven by Unique Innovation

- **Pressure Control by the Hour®**  
Exclusive service model, gives OEMs “skin in the game”
- **Sim-Stack® Service**  
Underlying technology, received designation as a STAR (Safety, Technology and Review) initiative from regulator BSEE – one of the industry’s best available and safest technologies
- **Blockchain Drilling™ Service**  
A cloud-based platform for the optimization of well construction activities



# Differentiated Position with Best-in-Class Performance



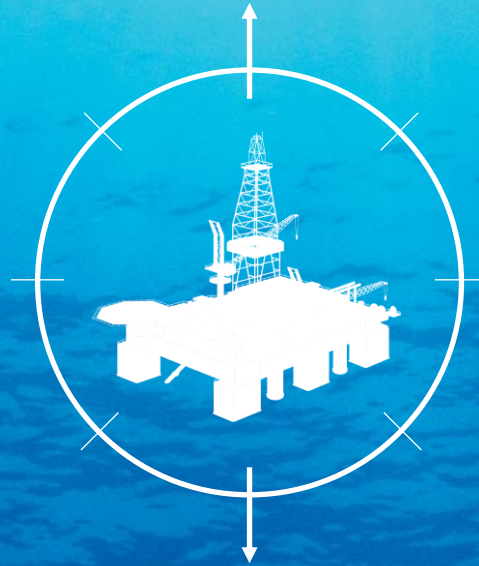
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**Focus on** the underserved and improving **moored market** through investment in our moored semi assets

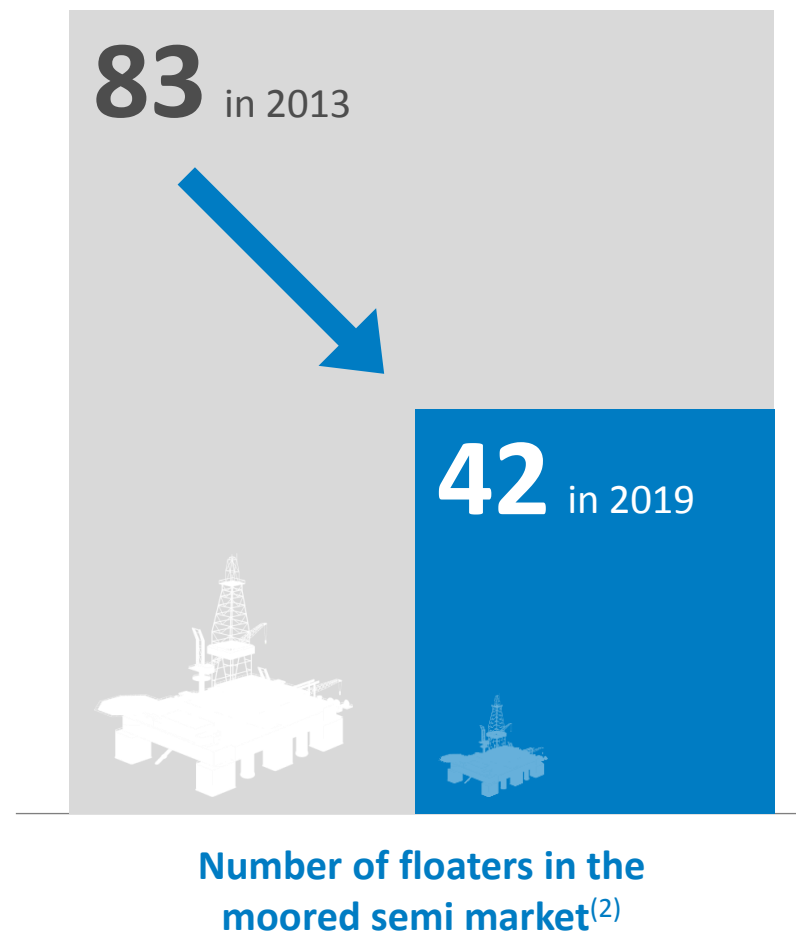
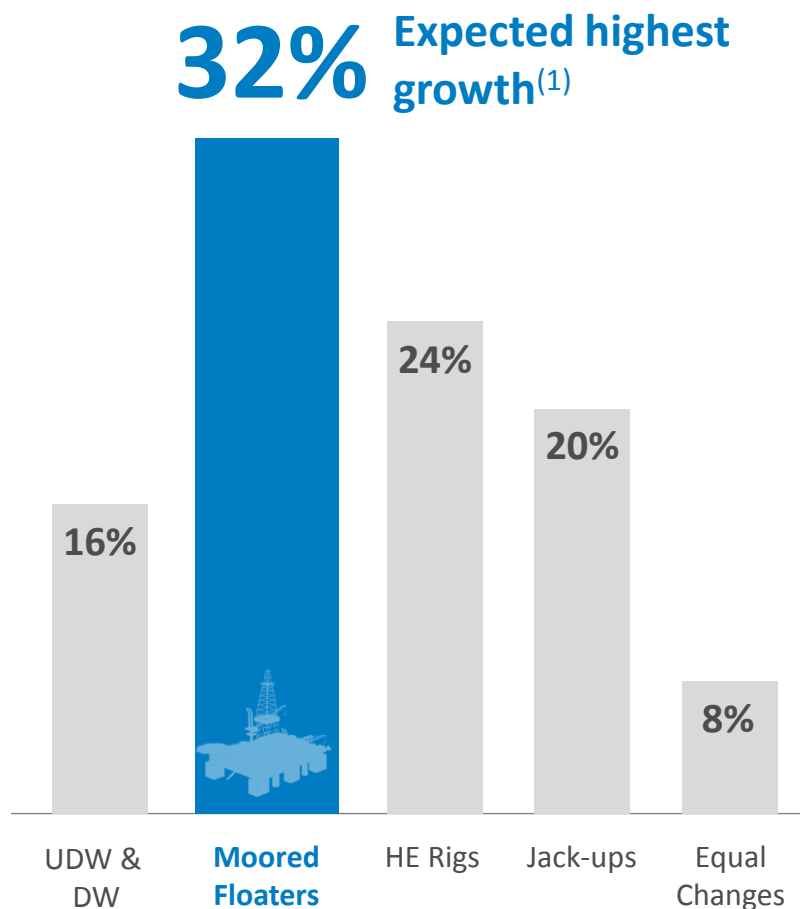


Moored market is improving and underserved



Diamond is **uniquely positioned**

# Moored Semis – Improving and Underserved Market



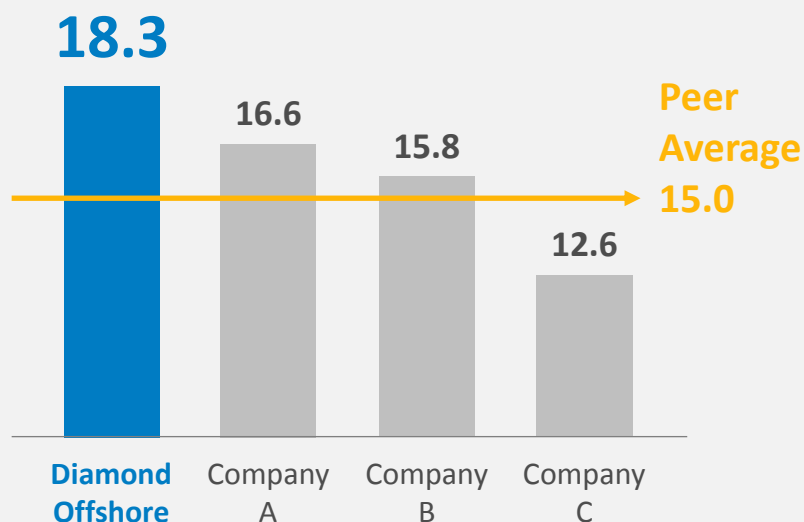
1) Source: Clarkson Platou Securities AS (2018 survey)

2) Source: Rystad Energy - Includes floaters with mooring only. Excludes non-competitive units

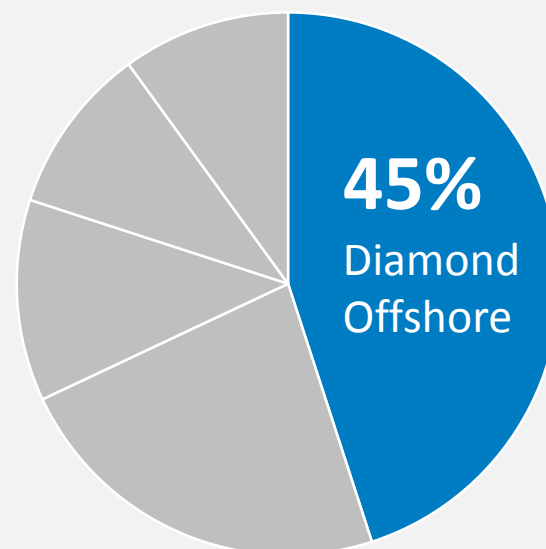
# Moored Semis – Diamond is Uniquely Positioned

## Most Desirable Fleet

Average Rig Score



## Largest Backlog – 2x our next competitor





# Ocean Onyx Upgrade

## Estimated Cost Breakdown

**53%**

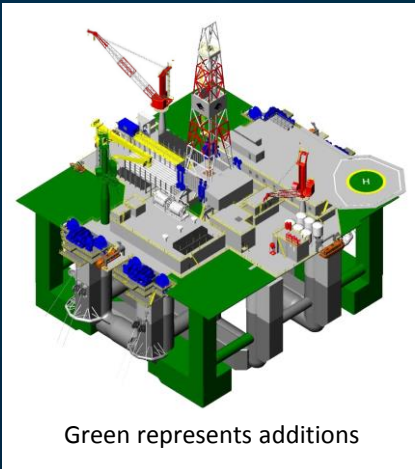
Rig Upgrade

**34%**

Reactivation

**13%**

Contract Prep



Term contract  
with Beach  
Energy

Strong regional  
demand in  
Australasia

Increased  
efficiency for  
development  
drilling

Double the size  
of a Victory  
class rig

Useful life  
beyond  
20 years

# Ocean Endeavor Upgrade / Reactivation

## Estimated Cost Breakdown

- 39%** Rig Upgrade
- 21%** Maintenance & Survey
- 20%** Reactivation
- 20%** UK Compliance

Term contract  
with Shell

North Sea  
market  
improving

Increased  
efficiency for  
development  
drilling

Harsh  
environment  
capable

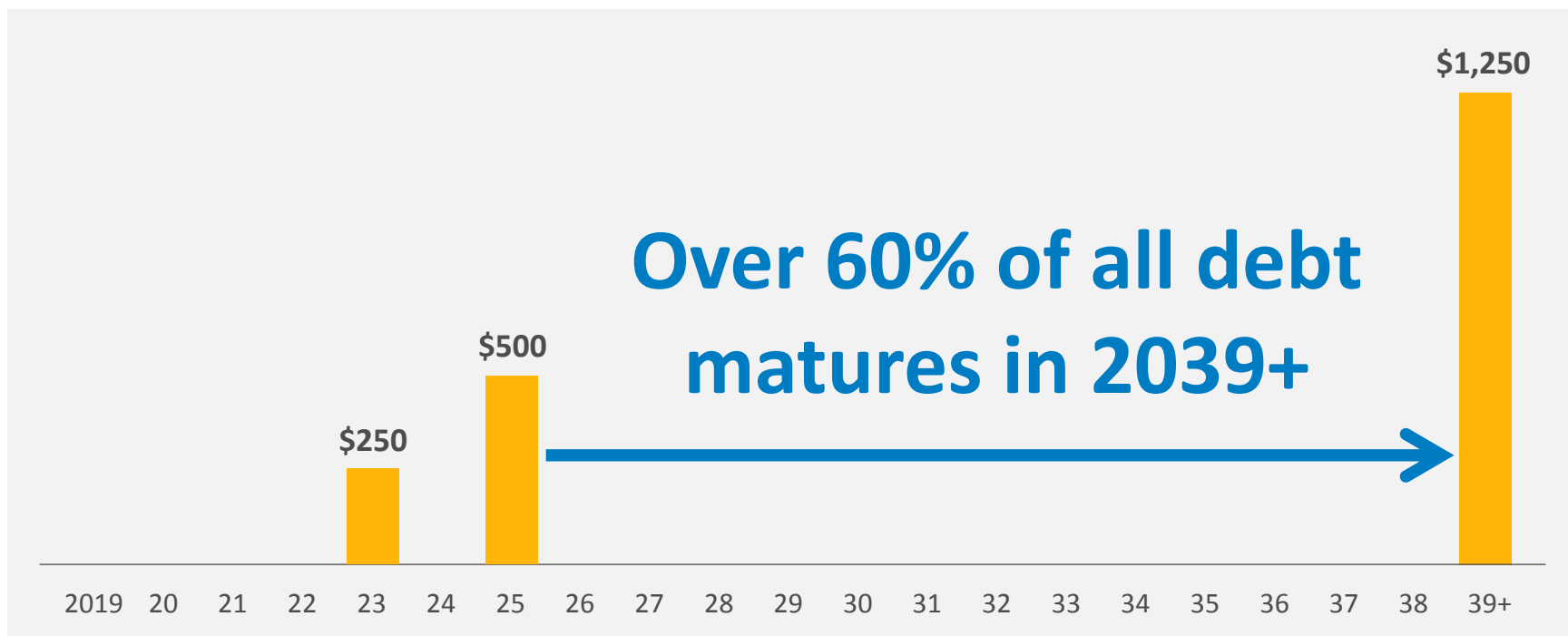
Excellent  
track record  
with IOCs



# Favorable Debt Maturity Schedule

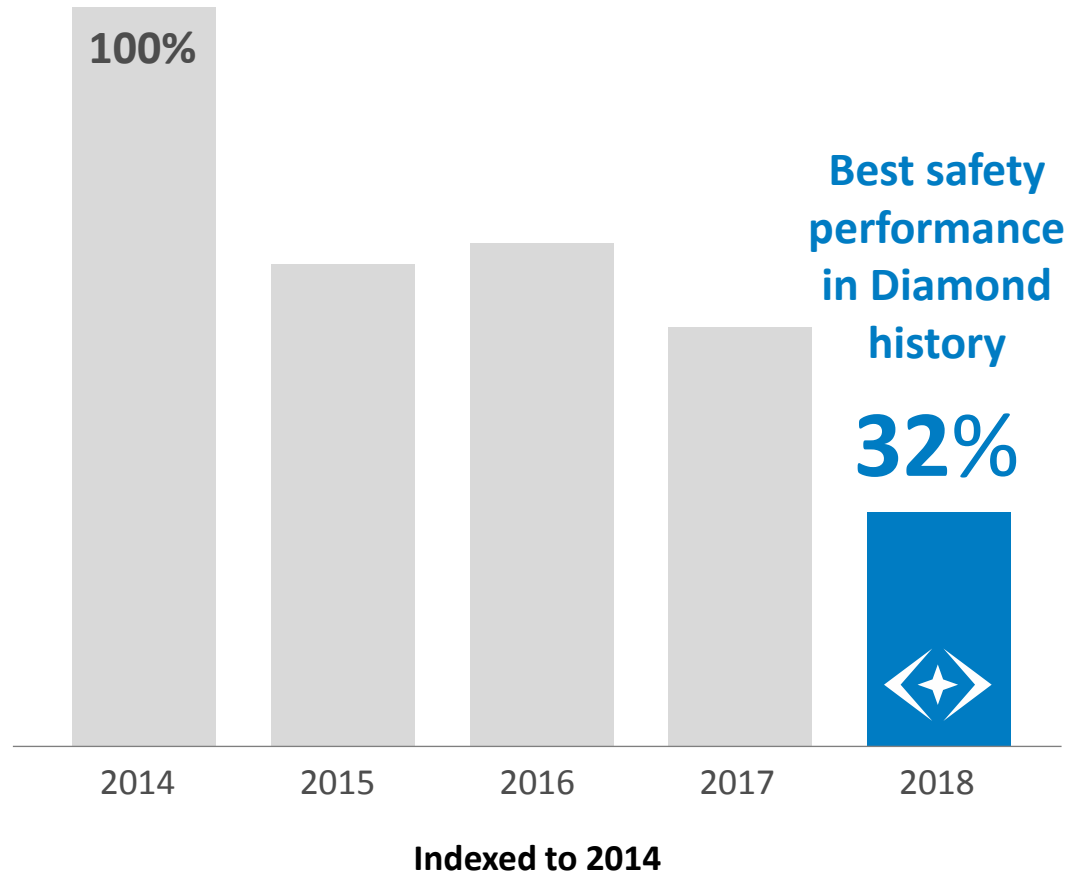
## Debt Maturity Profile

in Millions



- Next maturity not until November 2023
- Over \$1.2 billion in undrawn credit facilities

# HSE – Total Recordable Incident Rate Performance



# Summary

**Majors indicating  
exploration / FID  
resurgence**



**Differentiation delivers  
success for Diamond  
and value to  
our customers**



**Uniquely positioned  
to capture  
underserved and  
improving moored  
semi market**



**Favorable debt  
maturity schedule**



**Excellent  
safety record**



## **Investor Relations**

### **Samir Ali**

Vice President – Investor Relations  
& Corporate Development

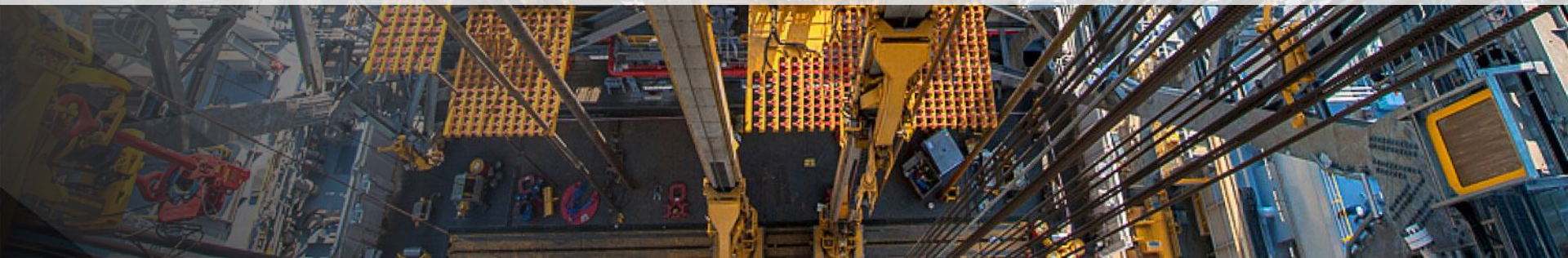
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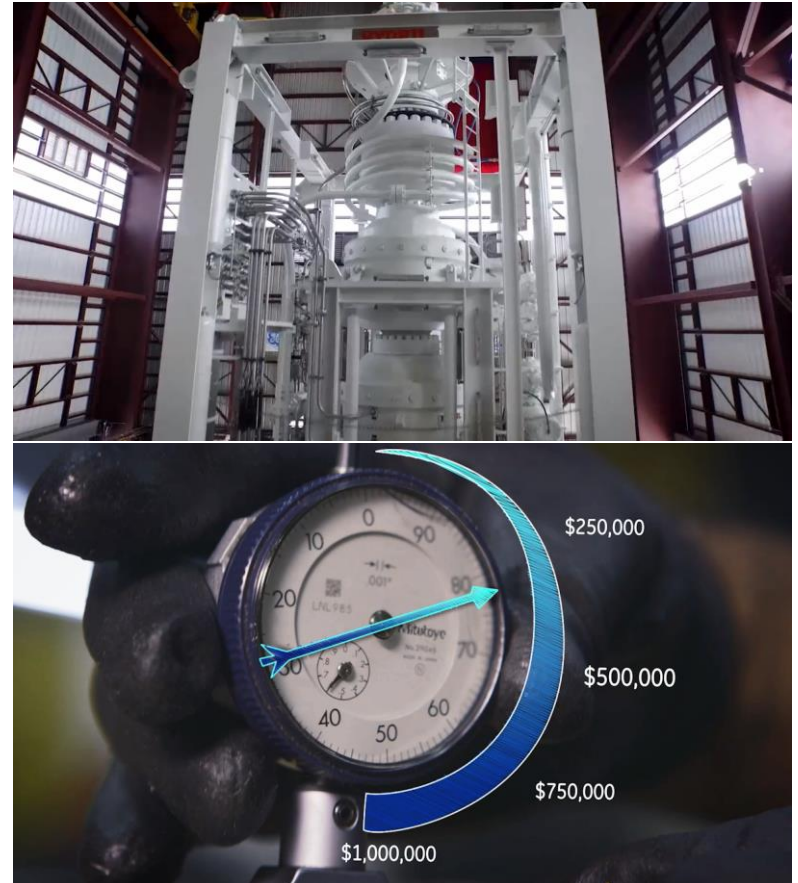
# Appendix





# Pressure Control by the Hour<sup>®</sup>

- BHGE owns and maintains the BOP
- \$210mm received for sale of BOP from BHGE
- **Pay-for-uptime** commercial model drawn from aviation industry
- **Performance bonus**/malice annually
- **Shared commitment** to reliability and continuous improvement
- Implemented on our drillships, with **record low subsea downtime**





# Sim-Stack<sup>®</sup> Service

- Cybernetic BOP service **continuously assesses status** and determine course of action when issues arise
- **Replicates BOP** hydraulic and electrical conditions **to accelerate decision-making** with advanced visualization
- Enables **improved subsea efficiency**
- Developed with BOP Risk Mitigation Services

